

NEWS RELEASE

FOR IMMEDIATE RELEASE
DECEMBER 13, 2004

CONTACT: GLENN BRIERE
(617) 727-6200, EXT. 123

DeNUCCI CITES LOST REVENUE FROM MBTA PARKING CONTRACTS

State Auditor Joe DeNucci reported today that the Massachusetts Bay Transportation Authority (MBTA) is losing out on substantial amounts of new revenue because of unfavorable contract terms with a parking company to operate MBTA parking facilities at mass transit and commuter rail stations.

DeNucci's audit stated that the MBTA's share of total parking revenues has declined from 70 percent of the gross to 54 percent in the last six years, despite the total number of vehicles parked at MBTA parking lots increasing from 6.4 million to 8.5 million vehicles. The T realized only \$300,000 in additional revenue during this six-year period. However, the parking operator netted approximately \$16.1 million in additional funds.

In addition, when the MBTA recently increased parking fees to generate additional revenues for the authority, the parking company – Central Parking System of Massachusetts, Inc. – was able to take in an additional \$1.6 million, or 25 percent of the new revenue, in the first year. DeNucci said this was the result of contract language governing the method used to compute additional revenue.

“The MBTA has lost a significant amount of revenue because of contract terms that are clearly unfavorable to the authority,” said DeNucci. “The existing agreement only enriches the parking operator at the T's expense.”

The audit noted that Central Parking was the only bidder for the five-year master parking lease that began Oct. 1, 2002, due to a consolidation in the Boston area's parking lot management business and the inability of smaller parking operators to submit bids for this massive contract. DeNucci recommended that the MBTA revise the terms of the next parking contract to give the authority a more favorable share of increased revenue. DeNucci also recommended that the T take steps to encourage more competition from small local and regional parking companies.

-more-

In another finding, DeNucci reported that the MBTA awarded no-bid contracts worth \$1 million to Central Parking for facilities at the Arborway station and Hingham boatyard. Under these contracts, which were not included in the Request for Proposals for the master contract, the MBTA pays the operator a negotiated monthly management fee and reimburses all of the company's annual operating expenses for these facilities. This arrangement runs counter to the MBTA's written policies requiring competitive bids for all purchases exceeding \$5,000. As a result, DeNucci said, the MBTA cannot be assured that it is obtaining these services in the most cost-efficient or effective manner.

In response, the MBTA said it agrees with DeNucci's recommendations and will base revenue from parking fee increases on actual car counts in future leases. The MBTA also said that in the next bid process, it would break up the two current parking leases into four or five smaller groups in the hope that smaller parking firms will bid on the lease agreements.

"With the MBTA going through a period of declining revenue and rising costs, the authority can't afford to let revenue slip away through contracts that are good for vendors and not good for the taxpayers and fare payers," concluded DeNucci. "I hope the MBTA will follow through on its promise to improve the terms of future parking contracts."